

Financial Statements

ROANE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Year Ended June 30, 2009

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Directors
Roane County Emergency Communications District
Rockwood, Tennessee

We have audited the accompanying statement of net assets of Roane County Emergency Communications District, a component unit of Roane County, Tennessee, as of June 30, 2009, and the related statement of revenue, expenses and changes in net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Roane County Emergency Communications District as of June 30, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and the required supplementary information on page 19 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of state awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole. The accompanying other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 19, 2009 on our consideration of Roane County Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and other matters and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mitchell Emert & Hill

November 19, 2009

ROANE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

330 CARDIFF VALLEY ROAD
ROCKWOOD, TN 37854
PHONE (865) 354-0704 FAX (865) 354-4983

Our discussion and analysis of the Roane County Emergency Communications District's (the District) financial performance provides an overview of the District's activities for the year ended June 30, 2009. Please read it in conjunction with the District's financial statements, as listed in the Table of Contents.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets provide information about the District as a whole and present a long-term view of the District's finances.

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenue, Expenses and Changes in Net Assets report information about the District and about its activities that help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

FINANCIAL HIGHLIGHTS

The operations of the Roane County Emergency Communications District (a component unit of Roane County, Tennessee) are primarily funded as follows:

- Telephone and Wireless companies "911" fees
- Operational fund program for State of Tennessee Emergency Communications Board (TECB)
- Interest income

Total operational costs for the District were \$1,092,860 for the fiscal year ended June 30, 2009.

NET ASSETS

The analysis below focuses on the net assets and changes in net assets of the District:

	<u>2009</u>	<u>2008</u>
NET ASSETS		
Current and other assets	\$ 509,920	\$ 644,273
Capital assets	<u>1,080,358</u>	<u>659,401</u>
Total assets	<u>\$ 1,590,278</u>	<u>\$ 1,303,674</u>
Current liabilities	\$ 16,039	\$ 11,851
Long-term debt, net of current portion	371,795	0
Net assets:		
Invested in capital assets, net of related debt	704,863	659,401
Unrestricted	<u>497,582</u>	<u>632,422</u>
	<u>1,202,445</u>	<u>1,291,823</u>
Total net assets	<u>\$ 1,590,278</u>	<u>\$ 1,303,674</u>
CHANGES IN NET ASSETS		
Operating revenue	\$ 666,821	\$ 709,766
Operating expenses	<u>1,092,860</u>	<u>1,023,113</u>
Operating (loss)	(426,039)	(313,347)
Non-operating income	<u>336,661</u>	<u>359,000</u>
Change in net assets	(89,379)	45,652
Beginning net assets	<u>1,291,823</u>	<u>1,246,171</u>
Ending net assets	<u>\$ 1,202,445</u>	<u>\$ 1,291,823</u>

Net assets of the District increased by 18% during 2009 and 4% during 2008. Unrestricted net assets, the portion of the net assets that can be used to finance day-to-day operations, decreased by \$134,840 or 21% for 2009 and decreased by \$83,076 or 15% for 2008.

FINANCIAL RATIOS

The ratios of Working Capital and Days Cash demonstrate the continuing ability to finance operations with cash. The stability of the current ratio and the liabilities to net assets ratio demonstrate that the District has not financed its working capital and days cash with an increased proportion of debt. The following is a related schedule of ratios:

	<u>2009</u>	<u>2008</u>
Working Capital (the amount by which current assets exceed current liabilities)	\$ 489,944	\$ 627,346
Days Cash and Investments (represents the number of days' normal operations could continue with no revenue collections)	130 days	200 days
Return on Assets – illustrates to what extent there will be sufficient funds to replace assets in the future	(7%)	4%

CAPITAL ASSETS

At the fiscal year end of June 30, 2009, the District had \$1,080,358 invested in capital assets as outlined below (a \$76,746 or 7% increase over the last year).

	<u>2009</u>	<u>2008</u>
Land	\$ 30,056	\$ 30,056
Communications equipment	1,173,724	627,325
Furniture and fixtures	106,314	102,017
Vehicle	22,188	22,188
Leasehold improvements	<u>403,842</u>	<u>403,842</u>
	1,736,124	1,185,427
Less accumulated depreciation	<u>(655,766)</u>	<u>(526,026)</u>
	<u>\$ 1,080,358</u>	<u>\$ 659,401</u>

On December 27, 2007, the District Board agreed with the Director that its current radio infrastructure was in need of replacement. The District moved forward in purchasing a state of the art 700/800 MHz Digital Radio Infrastructure System, with Astro 25 technology. This system will enable our fire, EMS, law-enforcement, and other public safety departments in our county the interoperability communications with other agencies and counties across the state. The system is installed and is now being tested.

DEBT

The District obtained loans totaling \$420,429 for the purchase of communications equipment. Principal payments were made during the year in the amount of \$44,934, leaving a balance due at June 30, 2009 of \$375,495.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general view of the District's finances and to show the District's accountability to the money it receives. If you have any questions about this report or need additional financial information, please contact Mike Hooks, Director of Roane County Emergency Communications District, 330 Cardiff Valley Road, Rockwood, TN 37854.

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

STATEMENT OF NET ASSETS

June 30, 2009

ASSETS

CURRENT ASSETS

Cash	\$	337,055	
Certificate of deposit		51,000	
Accounts receivable		104,642	
Prepaid expenses		<u>13,287</u>	

TOTAL CURRENT ASSETS 505,983

PROPERTY AND EQUIPMENT

Land	\$	30,056	
Communication equipment		1,173,724	
Furniture and fixtures		106,314	
Vehicle		22,188	
Buildings and improvements		<u>403,842</u>	
		1,736,123	
Accumulated depreciation		<u>(655,766)</u>	1,080,358

OTHER ASSETS

Utility deposits		1,065	
Intangible assets, net of accumulated amortization		<u>2,872</u>	<u>3,937</u>

TOTAL ASSETS \$ 1,590,278

LIABILITIES AND NET ASSETS**CURRENT LIABILITIES**

Current portion of long-term debt	\$	3,700
Accrued compensated absences		11,803
Payroll tax liabilities		<u>536</u>

TOTAL CURRENT LIABILITIES 16,039

LONG-TERM DEBT,

net of current portion 371,795

NET ASSETS

Invested in capital assets, net of related debt	\$	704,863
Unrestricted		<u>497,582</u>
		<u>1,202,445</u>

TOTAL LIABILITIES AND NET ASSETS \$ 1,590,278

See the accompanying notes to the financial statements.

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

Year Ended June 30, 2009

OPERATING REVENUE

Emergency telephone service charges	\$ 411,679	
TECB-shared wireless charge	135,101	
TECB-operational funding program	<u>120,041</u>	

TOTAL OPERATING REVENUE	666,821	
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OPERATING EXPENSES

Salaries and wages:

Director	\$ 52,631	
Administrative personnel	91,911	
Dispatchers	<u>460,000</u>	604,543

Employee benefits:

Retirement contributions	38,450	
Health insurance	106,940	
Unemployment	1,092	
Social security	37,475	
Medicare	<u>8,764</u>	192,721

Contracted services:

Audit services	5,600	
Accounting services	4,190	
Maintenance agreements	23,015	
Janitorial services	3,828	
Maintenance and repairs-building and equipment	6,330	
Maintenance and repairs-vehicle	421	
Fuel-vehicles	<u>1,250</u>	44,634

Supplies and materials:

Office supplies	2,238	
Other supplies and materials	2,385	
Postage	642	
Utilities-electric	12,614	
Utilities-water and sewer	1,155	
Utilities-general telephone	<u>63,776</u>	82,810

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

(continued)

Year Ended June 30, 2009

Other charges:		
Dues and memberships	777	
Insurance	18,136	
Rent-repeater site	1,278	
Training	3,029	
Travel	3,222	
Internet charges	3,004	
NCIC/TBI/TIES	6,920	
Other charges	<u>908</u>	37,275
Depreciation and amortization		<u>130,878</u>
TOTAL OPERATING EXPENSES		<u>1,092,860</u>
(LOSS) FROM OPERATIONS		(426,039)
NON-OPERATING REVENUE(EXPENSE)		
Contributions from other governments	347,030	
Interest income	2,591	
TECB-grants	10,000	
Interest expense	(31,807)	
Other income	<u>8,847</u>	<u>336,661</u>
CHANGE IN NET ASSETS		(89,379)
NET ASSETS AT THE BEGINNING OF THE YEAR		<u>1,291,823</u>
NET ASSETS AT THE END OF THE YEAR		<u><u>\$ 1,202,445</u></u>

See the accompanying notes to the financial statements.

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

STATEMENT OF CASH FLOWS

Year Ended June 30, 2009

CASH PROVIDED(USED) BY OPERATING ACTIVITIES

Cash received from telephone charges	\$ 666,821
Cash paid to suppliers	(403,236)
Cash paid to employees	<u>(604,543)</u>

NET CASH (USED) BY OPERATING ACTIVITIES (340,958)

**CASH PROVIDED(USED) BY CAPITAL AND
RELATED FINANCING ACTIVITIES**

Purchase of equipment	\$ (550,696)
Proceeds from issuance of long-term debt	420,430
Principal payments on long-term debt	(44,934)
Interest paid	<u>(31,807)</u>

**NET CASH (USED) BY CAPITAL AND
RELATED FINANCING ACTIVITIES** (207,007)

**CASH PROVIDED BY NON-CAPITAL AND RELATED
FINANCING ACTIVITIES**

Contributions from other governments	347,030
TECB-grants	<u>10,000</u>

**NET CASH PROVIDED BY NON-CAPITAL
AND RELATED FINANCING ACTIVITIES** 357,030

CASH PROVIDED BY INVESTING ACTIVITIES

Interest received	2,591
Decrease in certificate of deposit	68,681
Other income	<u>8,847</u>

NET CASH PROVIDED BY INVESTING ACTIVITIES 80,118

NET (DECREASE) IN CASH (110,817)

CASH AT THE BEGINNING OF THE YEAR 447,872

CASH AT THE END OF THE YEAR \$ 337,055

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

STATEMENT OF CASH FLOWS
(continued)

Year Ended June 30, 2009

**RECONCILIATION OF (LOSS) FROM OPERATIONS TO
NET CASH (USED) BY OPERATING ACTIVITIES**

(Loss) from operations		\$ (426,039)
Adjustments to reconcile (loss) from operations to net cash (used) by operating activities		
Depreciation and amortization	\$ 130,878	
(Increase)decrease in:		
Accounts receivable	(46,799)	
Prepaid expenses	515	
Increase in payroll taxes payable	<u>488</u>	
		<u>85,082</u>
NET CASH (USED) BY OPERATING ACTIVITIES		<u>\$ (340,958)</u>

See the accompanying notes to the financial statements.

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE A - DESCRIPTION OF ORGANIZATION

Roane County Emergency Communications District (the District) was established January 1, 1991, pursuant to the provisions of Chapter 867 of the Public Acts of 1984 of the State of Tennessee. The District is responsible for the installation and maintenance of the emergency communications network of Roane County, Tennessee (Enhanced 911 Service).

The District is considered a component unit of Roane County, Tennessee because the Roane County Board of Commissioners appoints all of the District's Board of Directors and must approve any debt issued by the District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The District uses the accrual basis of accounting. Revenue is recognized when earned and measurable, and expenses are recognized when the liability is incurred. The District follows all pronouncements of the Governmental Accounting Standards Board (GASB) and pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989. The District has not elected to follow FASB pronouncements issued after November 30, 1989.

GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset groups:

Invested in capital assets, net of related debt: This category includes capital assets, net of accumulated depreciation and the related debt. Invested in capital assets, net of related debt at June 30, 2009 has been calculated as follows:

Capital assets	\$ 1,736,123
Accumulated depreciation	(655,766)
Principal balance on long-term debt	<u>(375,495)</u>
	<u>\$ 704,863</u>

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2009

Restricted: This category includes net assets whose use is subject to externally imposed stipulations that can be fulfilled by actions of the District pursuant to those stipulations or that expire by the passage of time. The District had no restricted net assets as of June 30, 2009.

Unrestricted: This category includes net assets that are not subject to externally imposed stipulations and that do not meet the definition of "restricted" or "invested in capital assets, net of related debt". Unrestricted net assets may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Accounts Receivable

Accounts receivable which are deemed uncollectible based upon a periodic review of the accounts are charged to revenue. At June 30, 2009, no allowance for uncollectible accounts was considered necessary.

Capital Assets

Capital Assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives, which range from five to twenty-five years.

Operating Budget

The District is required by state law to adopt an annual operating budget. The budget is prepared on the accrual basis of accounting. All appropriations lapse at the end of the year.

Compensated Absences

The District's full-time employees are granted vacation leave in varying amounts. In the event of termination, the employee is paid for any unused vacation leave. Unused vacation leave as of June 30, 2009 in the amount of \$11,803 is included as a liability in the statement of net assets.

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2009

NOTE C - CASH ON DEPOSIT

Cash and the certificate of deposit are stated at cost. The District considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

State of Tennessee law authorizes the District to invest in obligations of the United States or its agencies, non-convertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the state treasurer's investment pool. The pool contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool. Although the District may participate in the state investment pool, it elects not to.

State law dictates that collateral meet certain requirements, such as, be deposited in an institution which participates in the state collateral pool or be deposited in an escrow account in another institution for the benefit of the District and must be a minimum of 105% of the value of the deposits placed in the institution less the amount protected by federal deposit insurance. The state collateral pool is administered by the State of Tennessee. Members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional agreement, public fund accounts covered by the pool are considered to be insured in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*.

These balances were entirely insured through the Federal Deposit Insurance Corporation or through the State of Tennessee Bank Collateral Pool.

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2009

NOTE D – CAPITAL ASSETS

	<u>Balance</u> <u>7/1/08</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/09</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 30,056	\$ 0	\$ 0	\$ 30,056
<u>Capital assets being depreciated</u>				
Communications equipment	627,325	546,400	0	1,173,724
Office equipment	102,017	4,296	0	106,314
Vehicles	22,188	0	0	22,188
Buildings and improvements	<u>403,842</u>	<u>0</u>	<u>0</u>	<u>403,842</u>
	1,155,372	550,696	0	1,706,067
<u>Accumulated depreciation</u>				
Communications equipment	(310,147)	(99,065)	0	(409,212)
Office equipment	(65,382)	(12,480)	0	(77,863)
Vehicle	(17,751)	(4,438)	0	(22,188)
Buildings and improvements	<u>(132,746)</u>	<u>(13,756)</u>	<u>0</u>	<u>(146,502)</u>
	<u>(526,026)</u>	<u>(129,739)</u>	<u>0</u>	<u>(655,766)</u>
	<u>\$ 659,401</u>	<u>\$ 420,957</u>	<u>\$ 0</u>	<u>\$ 1,080,358</u>

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2009

NOTE E – RETIREMENT

Plan Description

Employees of the District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for a disability that is the result of an accident or injury occurring while the member was in the performance of his duties.

Members joining the system after July 1, 1979 become vested after 5 years of service and members joining prior to July 1, 1979 were vested after 4 years of service. Benefit provisions are established in the state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of the plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs>.

Funding Policy

The District requires employees to contribute 5.0 % of earnable compensation.

The District is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009 was 6.53% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the District is established and may be amended by the TCRS Board of Trustees.

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
(continued)

June 30, 2009

Annual Pension Cost

For the year ended June 30, 2009, the District's annual pension cost of \$38,450 to TCRS was equal to the District's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0% annually.

The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 17 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2009.

Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost(APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 38,450	100.00%	\$ 0
6/30/08	31,934	100.00	0
6/30/07	27,317	100.00	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 98.74% funded. The actuarial accrued liability for benefits was \$397,000, and the actuarial value of assets was \$392,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,000. The covered payroll (annual payroll of active employees covered by the plan) was \$518,000, and the ratio of the UAAL to the covered payroll was 0.97%.

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2009

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

Actuarial valuation date	7/1/07
Actuarial value of plan assets	\$ 392,000
Actuarial accrued liability (AAL)	397,000
Unfunded AAL (UAAL)	5,000
Funded ratio	98.74%
Covered payroll	518,000
UAAL as a percentage of covered payroll	0.97%

NOTE F – LONG-TERM DEBT

Note payable, due in annual installments of \$3,700 due July 1 each year, no interest; balance due in full on July 1, 2012, secured by equipment.	\$ 14,800
 Note payable, due in annual installments of \$71,541 due July 1 each year, 5.21% per annum; balance due in full on July 1, 2015, secured by equipment.	<u>360,695</u> 375,495
Less current maturities	<u>(3,700)</u>
	<u>\$ 371,795</u>

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2009

Future maturities of long-term debt as of June 30, 2009 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,700	\$ 0	\$ 3,700
2011	56,449	18,792	75,241
2012	59,197	16,044	75,241
2013	62,089	13,152	75,241
2014	61,431	10,110	71,541
2015	64,631	6,910	71,541
2016	<u>67,998</u>	<u>3,543</u>	<u>71,541</u>
	<u>\$ 375,495</u>	<u>\$ 68,551</u>	<u>\$ 444,046</u>

Changes in long-term debt were as follows:

Balance, July 1, 2008	\$ 0
Loan proceeds	420,430
Principal payments	<u>(44,934)</u>
Balance, June 30, 2009	<u>\$ 375,495</u>

NOTE F – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including general liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

SCHEDULE OF FUNDING PROGRESS – POLITICAL SUBDIVISION
PENSION PLAN SUPPLEMENTARY INFORMATION

June 30, 2009

Actuarial valuation date	7/1/07
Actuarial value of plan assets	\$ 392,000
Actuarial accrued liability (AAL)	397,000
Unfunded AAL (UAAL)	5,000
Funded ratio	98.74%
Covered payroll	518,000
UAAL as a percentage of covered payroll	0.97%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method was a change made during the year and therefore only the most current year is presented.

See the accompanying independent accountants' audit report.

OTHER SUPPLEMENTARY INFORMATION

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

Year Ended June 30, 2009

	Actual (Accrual basis)	Budget (Accrual basis)	Variance Over (Under)
OPERATING REVENUE			
Emergency telephone service charges	\$ 411,679	\$ 458,004	\$ (46,325)
TECB-shared wireless charge	135,101	118,404	16,697
TECB-operational funding program	<u>120,041</u>	<u>120,041</u>	<u>0</u>
TOTAL OPERATING REVENUE	666,821	696,449	(29,628)
OPERATING EXPENSES			
Salaries and wages:			
Director	52,631	55,374	(2,743)
Administrative personnel	91,911	94,422	(2,511)
Dispatchers	<u>460,000</u>	<u>477,792</u>	<u>(17,792)</u>
	604,543	627,588	(23,045)
Employee benefits:			
Retirement contributions	38,450	39,612	(1,162)
Health insurance	106,940	109,357	(2,417)
Unemployment	1,092	1,103	(11)
Social security	37,475	38,767	(1,292)
Medicare	<u>8,764</u>	<u>9,066</u>	<u>(302)</u>
	192,721	197,905	(5,184)
Contracted services:			
Audit services	5,600	5,600	0
Accounting services	4,190	4,224	(34)
Maintenance agreements	23,015	31,108	(8,093)
Janitorial services	3,828	3,900	(73)
Maintenance and repairs-building and equipment	6,330	8,397	(2,067)
Maintenance and repairs-vehicle	421	600	(179)
Fuel-vehicles	<u>1,250</u>	<u>1,368</u>	<u>(118)</u>
	44,634	55,197	(10,563)

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

(continued)

Year Ended June 30, 2009

	<u>Actual</u> <u>(Accrual basis)</u>	<u>Budget</u> <u>(Accrual basis)</u>	<u>Variance</u> <u>Over (Under)</u>
Supplies and materials:			
Office supplies	2,238	3,300	(1,062)
Other supplies and materials	2,385	2,645	(260)
Postage	642	744	(102)
Utilities-electric	12,614	12,532	82
Utilities-water and sewer	1,155	1,268	(113)
Utilities-general telephone	<u>63,776</u>	<u>65,028</u>	<u>(1,252)</u>
	82,810	85,517	(2,707)
Other charges:			
Dues and subscriptions	777	941	(164)
Insurance	18,136	18,855	(719)
Rent-repeater site	1,278	1,280	(2)
Training	3,029	3,040	(11)
Travel	3,222	4,890	(1,668)
Internet charges	3,004	2,832	172
NCIC/TBI/TIES	6,920	6,920	0
Other charges	<u>908</u>	<u>1,417</u>	<u>(509)</u>
	37,275	40,175	(2,900)
Depreciation and amortization	<u>130,878</u>	<u>0</u>	<u>130,878</u>
TOTAL OPERATING EXPENSES	<u>1,092,860</u>	<u>1,006,382</u>	<u>86,478</u>
(LOSS) FROM OPERATIONS	(426,039)	(309,933)	(116,106)

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

(continued)

Year Ended June 30, 2009

	<u>Actual</u> <u>(Accrual basis)</u>	<u>Budget</u> <u>(Accrual basis)</u>	<u>Variance</u> <u>Over (Under)</u>
NON-OPERATING REVENUE(EXPENSE)			
Contributions from other governments	347,030	310,968	36,062
Interest income	2,591	960	1,631
TECB-grant	10,000	10,000	0
Interest expense	(31,807)	0	(31,807)
Other income	8,847	3,960	4,887
	<u>336,661</u>	<u>325,888</u>	<u>10,773</u>
CHANGE IN NET ASSETS	(89,379)	15,955	(105,334)
NET ASSETS AT THE BEGINNING OF THE YEAR	<u>1,291,823</u>	<u>1,291,823</u>	<u>0</u>
NET ASSETS AT THE END OF THE YEAR	<u>\$ 1,202,445</u>	<u>\$ 1,307,778</u>	<u>\$ (105,334)</u>

See the accompanying independent accountants' audit report.

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

LONG-TERM DEBT REQUIREMENTS

June 30, 2009

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Note payable			
Year Ending June 30,			
2010	\$ 3,700	\$ 0	\$ 3,700
2011	3,700	0	3,700
2012	3,700	0	3,700
2013	<u>3,700</u>	<u>0</u>	<u>3,700</u>
	<u><u>\$ 14,800</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 14,800</u></u>
Note payable			
Year Ending June 30,			
2010	\$ 0	\$ 0	\$ 0
2011	52,749	18,792	71,541
2012	55,497	16,044	71,541
2013	58,389	13,152	71,541
2014	61,431	10,110	71,541
2015	64,631	6,910	71,541
2016	<u>67,998</u>	<u>3,543</u>	<u>71,541</u>
	<u><u>\$ 360,695</u></u>	<u><u>\$ 68,551</u></u>	<u><u>\$ 429,246</u></u>

See the accompanying independent accountants' audit report.

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

EXPENDITURES OF STATE AWARDS

Year Ended June 30, 2009

<u>Grant Number</u>	<u>Grant Purpose</u>	<u>Federal Grantor/ Pass-Through Grantor</u>
Z-08-211975	GIS Mapping	Tennessee Department of Commerce and Insurance

See the accompanying independent accountants' audit report.

<u>Receivable</u> <u>July 1, 2008</u>	<u>Receipts</u>	<u>Expenses</u>	<u>Receivable</u> <u>June 30, 2009</u>
\$ <u>0</u>	\$ <u>10,000</u>	\$ <u>10,000</u>	\$ <u>0</u>

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

PUBLIC SAFETY ANSWERING POINTS

June 30, 2009

There is one public safety answering point (PSAP) utilized by Roane County Emergency Communications District (the District).

The PSAP is located at the District's office at 330 Cardiff Valley Road, Rockwood, TN 37854

The District uses a Interact system at its PSAP location.

See the accompanying independent accountants' audit report.

ROANE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

ROSTER OF OFFICIALS

June 30, 2009

Director

Mike Hooks
330 Cardiff Valley Road
Rockwood, TN 37854
Telephone number-865-354-3139
Telefax number-865-354-4983

Comptroller

Frances Long
330 Cardiff Valley Road
Rockwood, TN 37854
Telephone number-865-354-0704
Telefax number-865-354-4983

Address Coordinator

Gail May
330 Cardiff Valley Road
Rockwood, TN 37854
Telephone number-865-354-0704
Telefax number-865-354-4983

Members of the Board of Directors

Donnie Eblen
Arvel McNelly
Randy Heidle
Sam Davis
Mike Farmer
Bob Humphreys
James Harmon
Jack Stockton
Gloria Wright

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
Roane County Emergency Communications District
Rockwood, Tennessee

We have audited the financial statements of Roane County Emergency Communications District, a component unit of Roane County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 19, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Roane County Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Roane County Emergency Communications District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Roane County Emergency Communications District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roane County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain other matters that we have reported to the management of Roane County Emergency Communications District in a separate letter dated November 19, 2009.

This report is intended solely for the information and use of management and government regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Mitchell Emert & Hill

November 19, 2009